

## Dealers sell 2,300 cars with 'Cash for Clunkers'

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By  
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Iowa car dealers have in less than two weeks sold at least 2,300 vehicles under the popular "Cash for Clunkers" program, but more than half of those dealers were making sales conditional as they waited to get reimbursed about \$9.7 million from the federal government and to see whether the Congress would authorize \$2 billion more for the program.

The Senate voted 60-37 on Thursday night to approve the additional money, and President Barack Obama signed the legislation on Friday. The bill cleared the U.S. House last week.

"I'm not complaining," said John McEleney, a Clinton, Iowa, auto dealer who's chair of the National Automobile Dealers Association. "I'm very pleased; dealers in general are very pleased we have this program. It gives us some confidence that business is turning around. There's pent-up demand, and people are willing to buy cars. We would have preferred much less bureaucracy, but we understand it's a government program."

Customers who trade in low mile-per-gallon vehicles are receiving vouchers for \$3,500 or \$4,500 - much more than the \$800 to \$1,000 that their cars are typically worth.

U.S. Representative Bruce Braley (D-Waterloo), who co-sponsored the Cash for Clunkers legislation and the bill that would give it another \$2 billion, this week urged Obama and Transportation Secretary Ray LaHood to continue the program. He said it has great potential to spur sales in the auto industry and noted that the program was appropriated \$1 billion, far less than the \$4 billion originally authorized by the U.S. House on June 9.

"A suspension of this program would be a mistake," Braley said. "It is clear that the CARS [Car Allowance Rebate System] program has been a huge success, saving families money while reducing gas consumption and stimulating the economy. It is imperative that Congress and the White House act immediately to provide more funding to keep this program moving."

U.S. Senator Chuck Grassley (R-Iowa) argued this week that the program should be changed. "While the program has been unquestionably popular with consumers, dealers are facing significant obstacles and frustrations in dealing with the online registration and voucher-application process administered by the National Highway Traffic Safety Administration," Grassley said. "In other words, they didn't take enough time to get it underway in the first place."

McEleney said business for auto dealers was down about 40 percent nationwide in the first six months of 2009 compared with the same period in 2008. Sales in the Midwest and Iowa were down about 25 percent. "We started to see some improvements in mid-June, early July," said McEleney, who's president of McEleney Autocenter in Clinton and McEleney Autoplex in Iowa City. "July was a 10 percent improvement over the last two months. A big share was last week, with Cash for Clunkers."

The program has been so successful that car-lot inventories are now low. Dealers that normally keep a 75- to 100-day supply of cars now only have a 45- to 50-day supply. McEleney said his Clinton dealership usually has about 250 new cars but now has fewer than 75 cars.

"Selection is deteriorating," he said. "We're down to one-third of what we should have. The beauty of that [is] it's going to get the plants up and running. It's going to put people to work."

McEleney estimated the number of cars sold under the program based on the \$9.7 million claimed but thinks the number is actually larger. "I'm sure there's been a lot more sold not yet applied for," he said. "We've only applied for half of what we sold. We tried last week repeatedly. The Web site would time us off. There were changes made over the weekend."